



SUMMARY ANNUAL REPORT

For the Fiscal Year Ending December 31, 2020



Helping you build a brighter tomorrow.

Tom Ruhl - Board Member
June Pitchford - Board Member
Jim Platt - Board Member
Ted Nichols - Board Member
Rita Milam - Board Member
Collin Follis - Board Member
Mark Collins - Board Member
Connie Dover - Secretary
Mark Price - Vice Chair
Sherry Shamel - Chair

2020 Board of Trustees RETIREMENT FUND COUNTY EMPLOYEES'

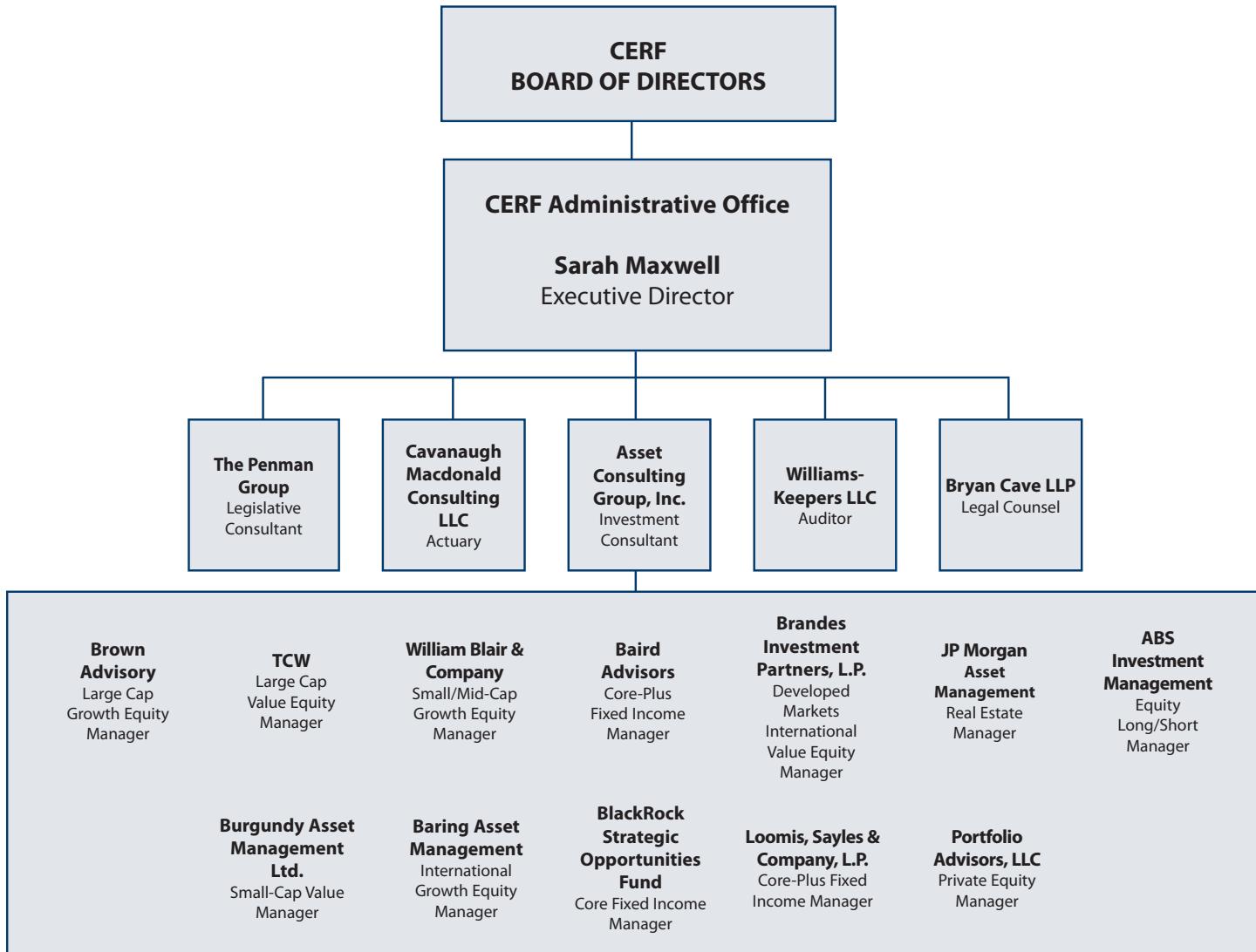


CERF Administrative Office
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Jefferson City, MO 65101
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Facsimile: (573) 761-4404
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CERF Pension Plan Information

RETIREMENT FUND COUNTY EMPLOYEES'

ADMINISTRATIVE STRUCTURE



This Annual Report is distributed for informational purposes only. The full text of actuarial reports, financial statements and audit materials is available upon request pursuant to Missouri's Open Records Law. To obtain any of these documents, you may send a written request to the plan administrator at:

*CERF Plan Administrator
2121 Schotthill Woods Drive
Jefferson City, MO 65101*

The actual language of the statutes and rules and regulations creating and implementing the County Employees' Retirement Fund controls and takes precedence over the material contained herein. In the event a member has any questions concerning the County Employees' Retirement Fund, the member should look to the statutes codified at Section 50.1000, RSMo (1994) et. seq. for guidance. Members should not rely on this summary in place of the actual text of the law.

CERF Pension Plan

Eligibility	Full-time employees (scheduled to work at least 1,000 hours a year) are eligible to participate in the Pension Plan. Part-time and seasonal employees become eligible on January 1 or July 1 after completion of 1,000 hours of service in a calendar year, or upon transfer to full-time status.
Participation	Participation is mandatory for eligible employees. Full-time employees begin participating in the plan immediately upon their date of hire. Part-time and seasonal employees begin participating once they become eligible.
Contributions	House Bill 1455 requires all participants hired on or after February 25, 2002, to contribute an additional 4% of gross salary to the plan, effective January 1, 2003. A non-LAGERS participant hired prior to February 25, 2002, contributes 2%; a non-LAGERS participant hired on or after February 25, 2002, contributes 6% to the plan. A LAGERS participant hired prior to February 25, 2002, is not required to make contributions; a LAGERS participant hired on or after February 25, 2002, contributes 4% to the plan. Nearly all of the funding for CERF comes from county receipts in the form of contributions, fees and penalties.
Vesting	A participant is vested after eight years of continuous creditable service during which pay is earned and received for at least 1,000 hours in each of those eight years.
Prior Service	Employees who were employed on June 10, 1999, and remained employed through January 1, 2000, do not have to purchase prior service. (Specific rules apply in certain rehire circumstances.) Members who terminated vested or retired prior to January 1, 2000, must purchase any service accrued prior to August 28, 1994, in order to include that service in their retirement benefit.
Early Retirement	Members have the option of retiring as early as age 55 (with eight years of continuous creditable service) and receiving an actuarially-reduced benefit. To be eligible for early retirement, a participant must terminate employment on or after January 1, 2000, and meet other eligibility requirements.
Cost-of-Living Adjustment	The Board may authorize a Cost-of-Living Adjustment (COLA) each year equal to 100% of the Consumer Price Index, up to 1%, for all members who have been receiving benefits for at least one year on the date the COLA becomes effective. COLAs will become effective on July 1 of each year.
Survivor Benefits	<p>ACTIVE EMPLOYEES: If a participant dies while actively employed, his or her named beneficiary will receive a lump-sum death benefit of \$10,000.</p> <p>NON-VESTED MEMBERS: Senate Bill 625, effective August 28, 2012, allows a refund of contributions to the beneficiary(ies) of active members who die after December 31, 2002, and before becoming vested.</p> <p>MARRIED, VESTED MEMBERS: If a vested participant dies before his or her pension begins, his or her surviving spouse can apply for a 50% spousal pension benefit.</p> <p>SINGLE, VESTED MEMBERS: House Bill 795, effective August 28 2004, allows a refund of contributions to the beneficiary(ies) of a single, vested member who dies on or after August 28, 2004.</p> <p>RETIRED MEMBERS: Depending on which option the member chooses, the designated survivor will receive the appropriate amount of benefits under the survivor option selected on his or her benefit calculation. Members who terminated employment or retired on or after January 1, 2000, have the option to designate someone other than a spouse as the beneficiary of their retirement annuity.</p>

CERF Savings Plan

Eligibility	A member must participate in the CERF Pension Plan in order to be eligible to participate in the CERF Savings Plan.
Automatic Contributions	Effective January 1, 2000, a member who is not in LAGERS is required to contribute .7% to the CERF Savings Plan. This pre-tax deduction is deposited automatically in the member's 401(a) account.
Voluntary Contributions	In 2020, participants may contribute up to the lesser of \$19,500, or 100% of their includable compensation to the 457 component of the plan. This limit includes contributions to other 457 plans as well.
Matching Contributions	Each year, the Board of Directors will determine the amount available for a matching contribution to the Savings Plan (up to plan limits). This matching amount will be added to member accounts for those who contributed to the 457 Plan, earn and receive pay for at least 1,000 hours during the year, retire at age 62, or die while employed by the county. The match will be deposited into the 401(a) component of member accounts as soon as administratively feasible after the plan year has ended.
Vesting	Members are always 100% vested in their automatic (.7%) and voluntary (457 plan) contributions, and are 100% vested in the matching contributions when they have 5 years of creditable service (from date of hire), or if they die during the plan year.
Investment Options	A broad range of investment options is available, including the option to pick individual funds or target date funds, or have your account managed for you.
Making Changes	Participants may change the amount of their contributions on a quarterly basis and can stop 457 plan deferrals completely at any time. Changes to investment options can be done at any time. Investment changes can be made on a same-day basis through either KeyTalk at 800-701-8255 or the website at www.empower-retirement.com . You will need to use your user ID and personal identification number (PIN) provided to you by Empower Retirement.
Payment Options	Payments from the 457 or 401(a) portion of the plan may be made through annuity payments, lump sum, or periodic distributions if the account balance is \$5,000 or more.
Rollovers and Plan Transfers	Members who have other qualified 457, 401(a) or 401(k) plans may transfer or roll over money from those plans to the appropriate component of the CERF Savings Plan. Likewise, if a member leaves employment, he or she may transfer or roll over his or her CERF Savings Plan balance to another qualified plan or IRA.
Need More Information	For more information on the CERF Savings Plan, please call the CERF Administrative Office.

Investments

CERF Investment Program Background and Portfolio Asset Allocation

The purpose of CERF's investment program is to provide long-term benefits to the plan's participants, by investing the pension fund assets in a manner that maximizes expected long-term results while reducing exposure to undue risk. CERF's Board of Directors maintains an Investment Policy which sets guideposts around the investment program, articulating the fund's goals, objectives, and prudent risk parameters. The CERF Board of Directors works closely with their investment consultant to oversee all aspects of the investment program, including investment policy design and review, asset allocation, and ongoing investment manager due diligence. The Board and their consultant meet each calendar quarter to review the investment portfolio in detail and to discuss and address specific issues, with interim meetings held as needed. Further, CERF's individual investment managers provide regular updates on their portfolios to the consultant and CERF's staff, including a formal update to the Board on a periodic basis.

Asset allocation is employed as the primary tool for managing the long-term risk and return objectives for CERF's investment portfolio. CERF's portfolio is well-diversified, with exposure to several different investment strategies (asset classes), sub-strategies and investment managers. Investments are continually monitored by the investment consultant and Board of Directors for appropriateness and alignment with stated investment objectives and guidelines. Assets are periodically rebalanced to keep the exposures to various investments within the stated ranges defined in the investment policy.

Equity Portfolio Target: 65%

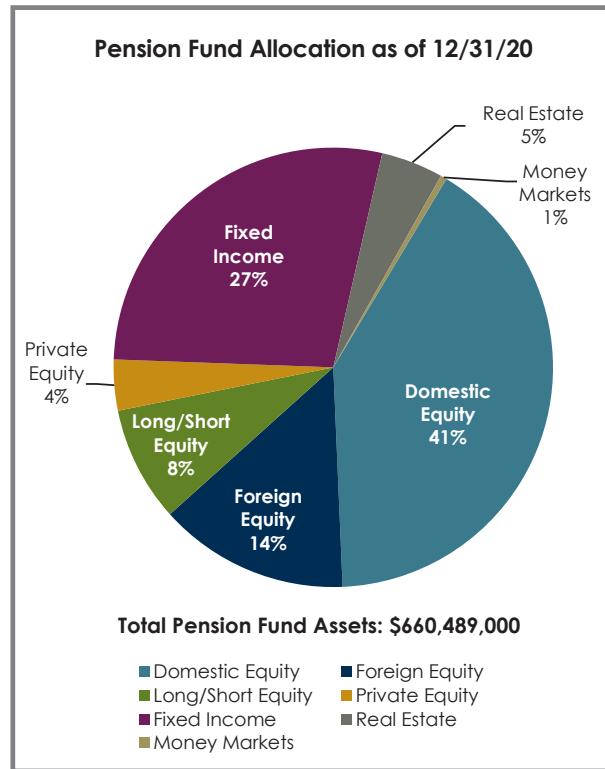
Equities provide for growth opportunities within the investment program. The equity allocation benefits from a diverse line-up of strategies including both domestic and foreign exposures ranging in capitalization from small to large, and in style orientation from value to growth. Additional diversification benefits are achieved through the inclusion of hedged and private equity investments.

Fixed Income Portfolio Target: 35%

Fixed Income strategies are included in the investment program to further enhance diversification, as over time, bonds are generally less volatile than stocks. Much like the equity allocations, the complementary fixed income strategies are designed to provide broad exposure to the global fixed income markets, including diversification by quality, sector, geography and security type.

Real Asset Portfolio Target: 5%

Real assets typically behave differently than stocks and bonds, and their low correlation to these other asset classes provides even further diversification to the investment portfolio. CERF's portfolio includes an allocation to real estate through a diversified real estate fund. The real estate portfolio is invested in different geographic locations and different property types, while maintaining strict quality requirements for each property, including leverage and occupancy rates.



2020 Market Environment and Portfolio Performance

The Global economy began 2020 in much the same state as recent years, with an expectation of modest but steady global growth tempered by concerns over US-China trade tensions, a slowing manufacturing base, Brexit, and US political disorder. However by the end of January alarm was building about a new virus spreading in China, by the end of February global financial markets were in sharp decline, and by the end of March much of the world was under lockdown in an attempt to limit the virus' spread. The resulting bear market was short-lived due to a robust monetary and fiscal response from central banks and governments around the globe, along with most countries attaining some degree of reopening and/or adjusting to life with the virus. The introduction of vaccines by the end of the year further cemented the global market turnaround, and despite recent surges in virus cases there is a degree of optimism heading into 2021.

Investments

Global equities rebounded sharply off March lows, with many finishing the year at all-time or multi-year highs. US equities posted the strongest returns in 2020 with gains of roughly 20% in the core indices. Developed international markets posted the lowest returns for the year as measured by the MSCI EAFE (+8.3%) as European markets were challenged by shutdowns and outbreaks. Emerging Markets advanced on an aggregate basis in line with US markets, fueled by China and India, with the MSCI EM Index gaining 18.7%.

Fixed Income markets suffered from the halting economy and freezing liquidity at the outset of the Pandemic, but the Federal Reserve quickly cut the Fed Funds rate to a range of 0-0.25% in March and implemented a wide range of old and new programs. These actions were critical to the market recovery and helped fuel the 7.5% gains experienced in the Bloomberg Barclays US Aggregate Index for the year.

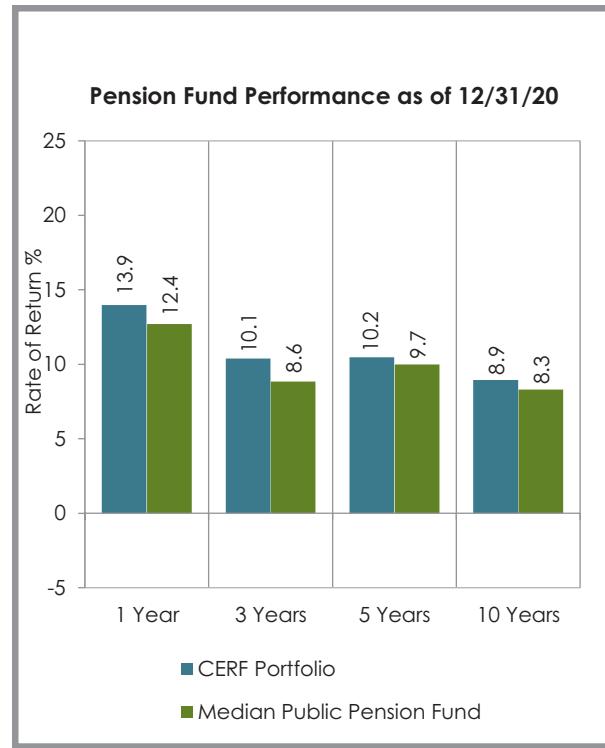
The success of CERF's investment program is defined by its adherence to the Investment Policy guidelines, and its performance compared to the stated return objectives and risk parameters as we navigate different market environments over time. The charts below illustrate the plan's annualized performance and risk alongside the expectations laid out in the Policy. Notably, the CERF portfolio meets all stated relative long-term objectives, and has outperformed the median public pension fund peer group across all time frames illustrated.

Total Pension Fund Performance vs. Objectives

(December 31, 1994 – December 31, 2020)

	Benchmark	CERF
Return Objectives		
At a minimum, it is the objective of CERF to exceed its actuarial interest rate assumption on an ongoing basis.	7.25%	9.03%
The pension fund's annualized total return should equal or exceed the annualized rate of inflation as indicated by the Consumer Price Index by 5%.	7.25%	9.03%
The pension fund's total return should exceed the total return of an index composed as follows:	8.90%	9.03%
65% MSCI ACWI Index		
30% BloomBar US Aggregate Bond Index		
5% NFI ODCE Index		
Risk Objective		
The pension fund's level of risk, as measured by Standard Deviation, should be consistent with the risk of the index noted above.	9.83%	9.68%

The chart below compares CERF's investment performance over the one, three, five, and ten-year periods ending December 31, 2020. CERF's portfolio outperformed the median public pension fund across all time frames illustrated.



Ongoing Monitoring

The CERF Board of Directors works closely with their investment consultant to oversee all aspects of the investment program, including investment policy design and review, asset allocation, and ongoing investment manager due diligence.

CERF's investment managers provide regular updates on their portfolios to the consultant and CERF's staff. In addition, each investment manager presents a formal update to the Board on a periodic basis.

CERF's Board of Directors and their consultant meet each calendar quarter to review the investment portfolio in detail and to discuss and address specific issues. In addition, interim meetings are held as needed. This ensures that the monitoring and oversight process for CERF's investment portfolio is ongoing.

The CERF Board's primary focus regarding the retirement funds is to develop and implement an investment program which is designed to achieve the stated investment objectives in a prudent manner over a long-term time horizon.

Actuarial

PLAN MEMBERSHIP

AS OF JANUARY 1, 2020

Covered Payroll	\$471,684,856
Average Pay per Active Member	\$39,808

ACTUARILY DETERMINED CONTRIBUTION (ADC)

Unfunded Actuarial Accrued Liability (UAAL)	\$202,559,260
Amortization of UAAL, with interest to mid-year*	\$ 23,122,778
Normal Cost, with interest to mid-year	\$ 29,589,103
Reduction in Normal Cost for Member Contributions	\$ 17,202,308
Annual Required Contributions as a percent of payroll	\$ 35,509.573 7.7%

PLAN ASSETS

Actuarial Value	\$619,266,387
Market Value	\$668,198,376

FUNDED STATUS

Entry Age Normal Actuarial Accrued Liability	\$821,785,647
Funded Ratios	
Funded Percentage on Actuarial Value of Assets	75%
Funded Percentage on Market Value of Assets	81%

* Until July 1, 2011, the UAAL was being amortized as a level percentage of payroll over a 30-year period beginning January 1, 1995. As of July 1, 2011, the UAAL amortization was started fresh over a 20-year period. New components of the UAAL will be amortized over new 20-year periods as such components arise.

Financial Statements

STATEMENT OF FIDUCIARY NET POSITION DECEMBER 31, 2020

ASSETS

Cash	\$ 3,946,658
Receivables:	
Member contributions	505,314
Member prior service contributions	130,625
County contributions	4,392,222
Receivable for pending investment sales	252,879
Accrued interest and dividends	104,241
Total receivables	<u>5,385,281</u>
Investments, at fair value:	
Common stocks	258,579,193
Fixed income mutual funds	178,973,313
Hedge funds	56,899,948
International equities funds	94,008,911
Real estate fund	23,148,206
Private equity	35,429,444
Cash equivalents	12,498,424
Total investments	<u>659,537,439</u>
Capital assets, net of accumulated depreciation of \$2,456,815	<u>4,917,720</u>
Total assets	<u>673,787,098</u>

LIABILITIES

Accounts payable	746,173
Accrued defined contribution plan funding	4,341,806
Other accrued expenses	317,940
Unearned revenue	170,230
Payable for pending investment purchases	<u>12,573</u>
Total liabilities	<u>5,588,722</u>
Net position – restricted for pension benefits	<u>\$ 668,198,376</u>

The notes to financial statements are an integral part of these statements and are available on CERF's website, or by contacting the CERF Administrative Office.

Financial Statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2020

ADDITIONS:

Contributions:	
County receipts	\$ 33,334,303
By members	14,894,316
For members, paid by counties	2,958,650
Members, purchase of prior service	<u>66,419</u>
Total contributions	<u>51,253,688</u>
Investment income:	
Investing activities:	
Net appreciation in fair value of investments	71,956,306
Fixed income securities	5,119,174
Equity securities	5,051,126
Other miscellaneous income	<u>37,905</u>
Total investment income	<u>82,164,511</u>
Investment expenses	<u>(3,248,467)</u>
Total net investment income	<u>78,916,044</u>
Other income	<u>6,375</u>
Total additions	<u>130,176,107</u>
DEDUCTIONS:	
Benefits	39,129,276
Refunds of member contributions	3,812,062
Defined contribution plan matching contribution	4,341,806
Administrative expense	<u>3,253,867</u>
Total deductions	<u>50,537,011</u>
Net increase	<u>79,639,096</u>
Net position – restricted for pension benefits	
Beginning of year	<u>588,559,280</u>
End of year	<u>\$ 668,198,376</u>

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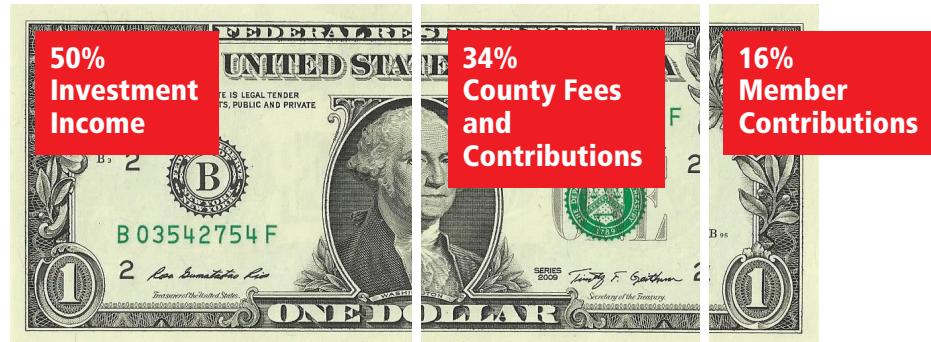
CERF Quick Facts

Data as of December 31, 2020

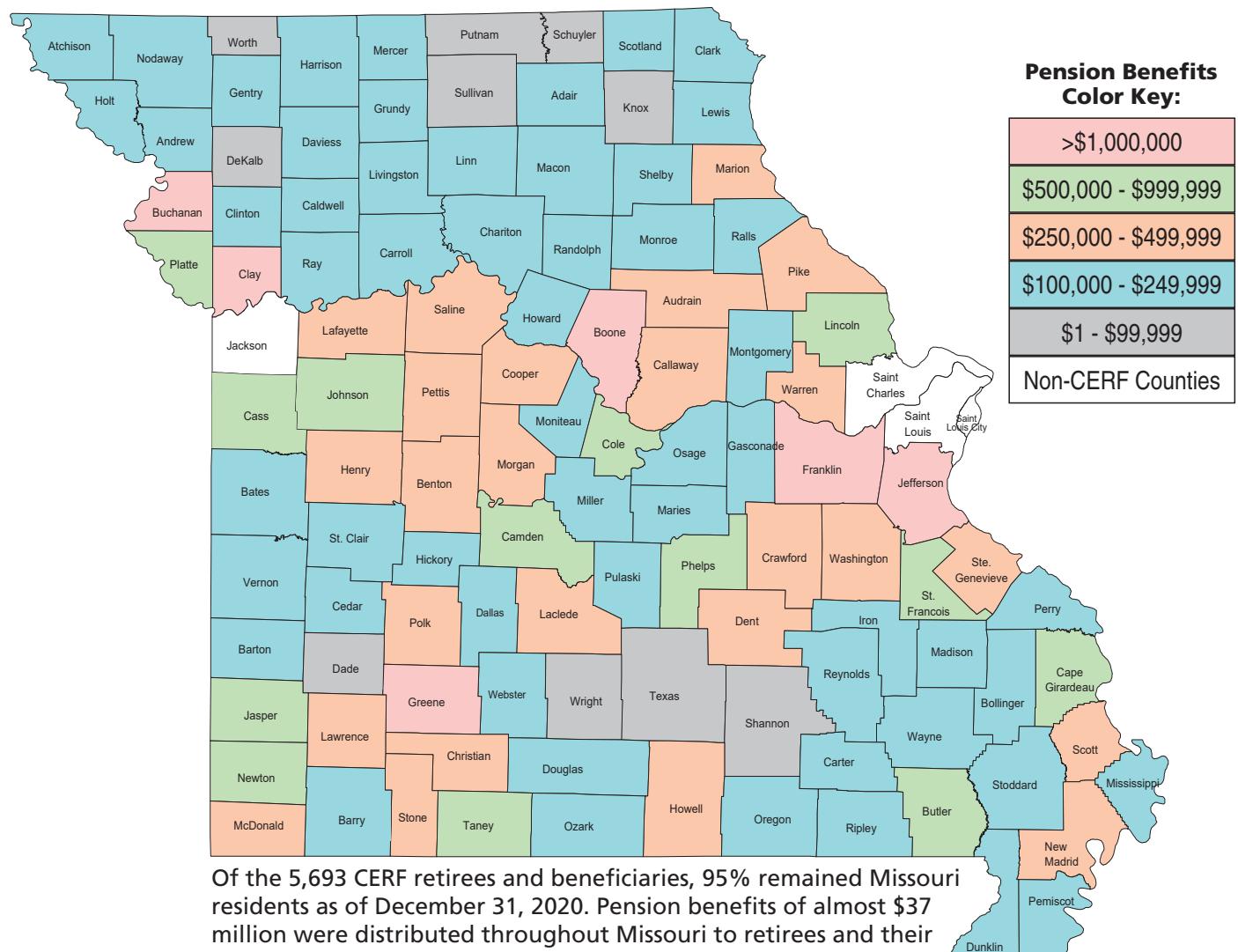
How Benefits Are Funded

Historically, approximately 50% of retirement benefits have been funded by investment returns with the remainder coming from a combination of county fees and contributions.

Funding for Benefit Payments by Source

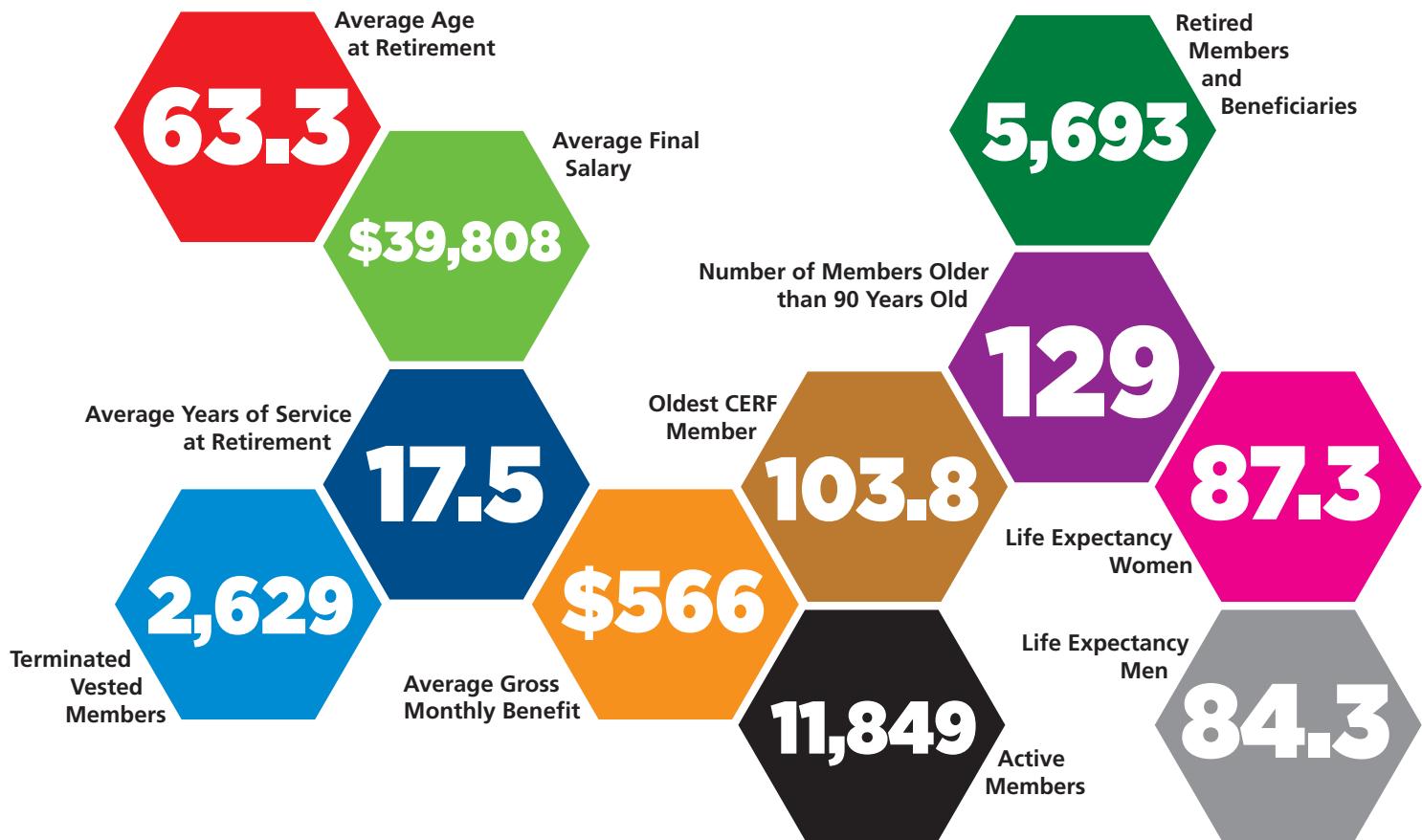


2020 Retiree and Beneficiary Payouts by County



CERF Quick Facts

Data as of December 31, 2020



Summary of County Receipts for 2020

